



2015 Budget Summary

New Brighton City Hall
803 Old Highway 8 NW
New Brighton, MN 55112

www.newbrightonmn.gov

December 31, 2014

Dear New Brighton Resident:

In preparing the City of New Brighton's 2015 operating and capital replacement budgets, the City Council reconfirmed its commitment to maintaining the services, programs and facilities in a fiscally responsible manner that make the City of New Brighton the "preferred place to live, work, and play" in the Twin Cities.

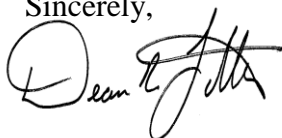
In 2013, the City Council approved the implementation of a strategic plan for the years 2013 through 2015. The City Council adopted the following strategic priorities for the City:

1. **Financial Sustainability**- By maintaining adequate reserves, operating in a cost-effective manner, diversifying the revenue base, and raising the current bond rating.
2. **Effective Governance** – By adhering to:
 - Roles and responsibilities defined in policy;
 - Open, transparent and respectful communication;
 - An evidence-based approach to decision-making; and
 - Teamwork and the pursuit of approved goals
3. **Community Engagement** – By seeking the input from a broad range of stakeholders including the residents of New Brighton and the non-profit and for-profit sectors. Efforts to engage the community will be transparent, responsive, and will include the utilization of volunteers and City commissions.
4. **Economic Development** – By focusing on broadening the tax base (residential, commercial and industrial) that is consistent with the needs and values of the community. Development and redevelopment will be undertaken consistently within adopted framework and policies.
5. **Operational Excellence** – By defining service levels, aligning services with priorities, and pursuing partnering opportunities and alternative methods whenever feasible to support a healthy, safe and sustainable community.
6. **Workforce Engagement and Development** – By establishing a work environment that promotes trust, cooperative goals, and employee empowerment. A supportive culture that values employees, develops future leadership opportunities, strives for continuous improvement, and works to retain a high quality workforce.

During the 2015 budget planning process, all new initiatives, goals, and objectives were based on meeting one or more of these strategic priorities.

We hope that you find the 2015 Budget Summary informative in explaining how the City uses your tax dollars to pay for various services in the community. If you have any questions or concerns regarding the City budget, please contact City Hall at 651.638.2100.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean R. Lotter", written over a circular stamp or seal.

Dean R. Lotter
City Manager

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Budget Objectives

The budget and capital replacement programs are developed and redefined throughout the year. The budget process begins in May and concludes with the City Council adopting the annual budget in December. The primary objectives of the City's annual budget are:

- Provide those services that are desired by the community- Operational Excellence and Community Engagement;
- Recover utility operation costs through user fees – Financial Sustainability and Operational Excellence;
- Meet debt obligations – Financial Sustainability;
- Provide services to the community in the most cost effective manner-Operational Excellence;
- Provide for the City's infrastructure and capital needs – Financial Sustainability
- Position the City to effectively address future challenges and opportunities (revitalize neighborhoods, encourage reinvestment, assist redevelopment opportunities, and utilize technology to improve services and communications) – Economic Development

2015 Key Budget Items

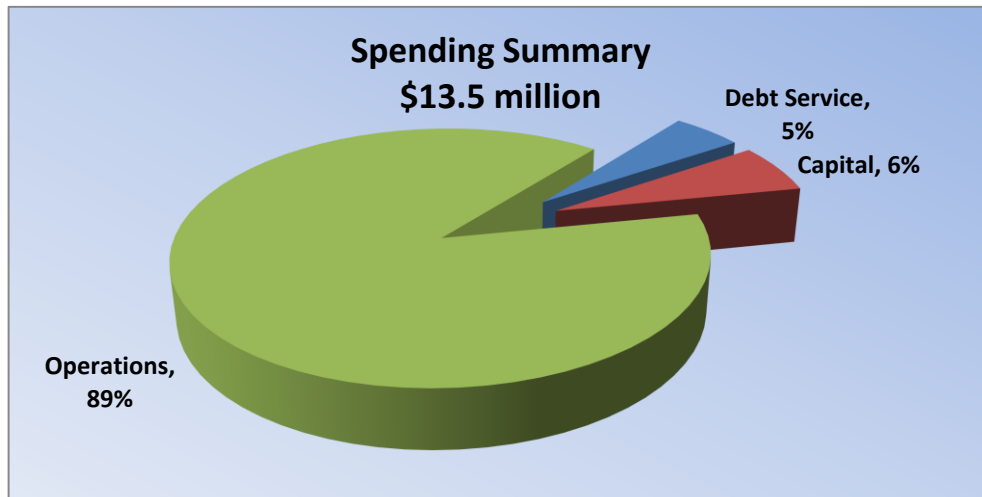
The following listing provides a summary of key points discussed during the budget process:

1. Health Insurance Premiums increasing 20%
2. New Affordable Health Care Act regulations in effect
3. New Public Safety records management system
4. New election precinct required
5. Reclassification of five part-time staff to full-time
6. New turnover ratio initiated to address vacancies in staffing
7. Refund of \$101,000 in excess levy collected by Ramsey County in error
8. Local Government Aid in the amount of \$554,400 applied towards lowering property tax revenue
9. Property Tax Levy increase of 1.92% over 2014

General Fund Budget Summary

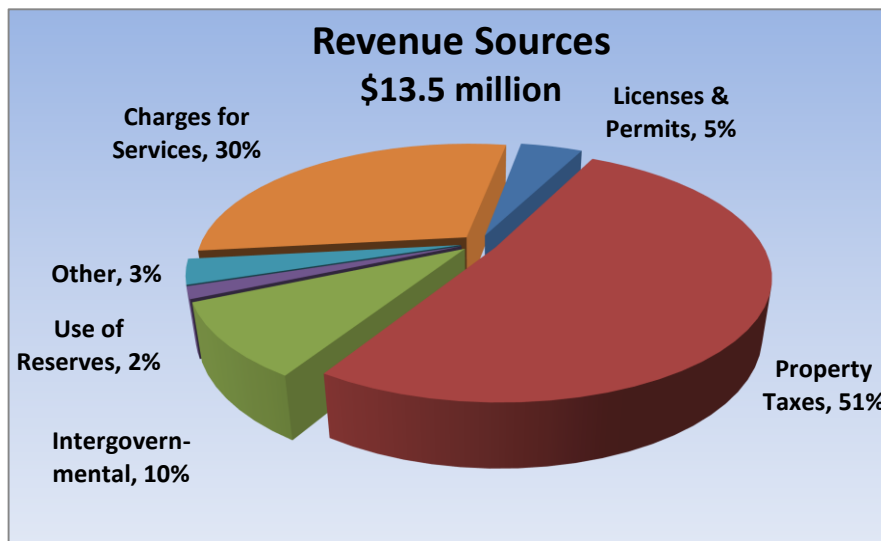
2015 Revenue and Spending*

City spending for all purposes, including operations such as such as administration, police, fire, public works, community development, parks and recreation as well as debt payments, and capital total \$13.5 million.



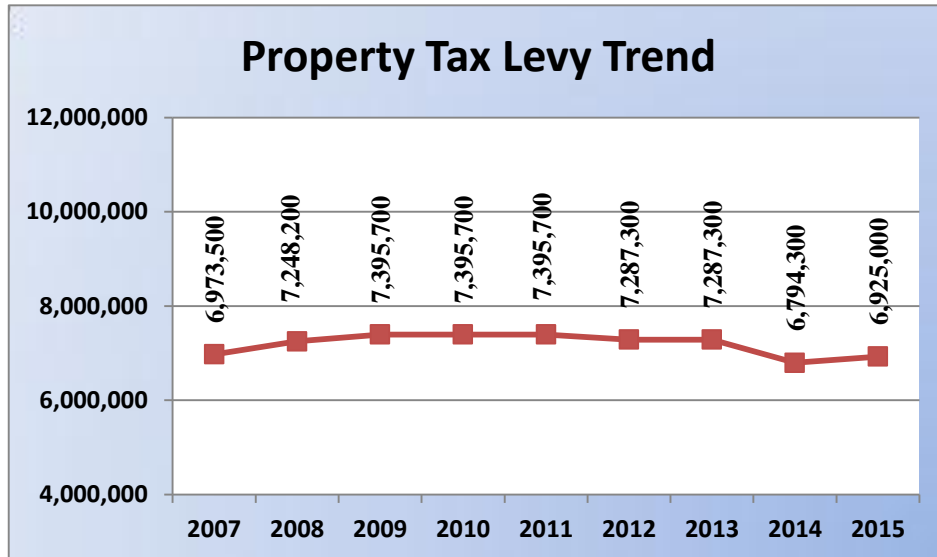
**The information provided in the “Budget Summary” document is in summary format. For more detailed information, the reader should refer to the Budget Document located under the “Government” heading on our website at www.ci.new-brighton.mn.us.*

Primary revenue source for financing the budget (51%) comes from property taxes. “Other” revenues include investment income, transfers, and fines.



Taxes

The City Council adopted a 2015 City tax levy in the amount of \$6,925,000. This is a 1.92% increase from payable 2014. The adopted levy will result in an estimated \$11 increase on the median value home (\$209,200).



How Can My Property Value Go Down and My Taxes Go Up?

Several factors influence property values and taxes. The following are two of the most common factors:

- 1) Taxable market values change at different rates from year to year. These changes include the proportion of total value in the taxing area belonging to each separate classification of property (residential, commercial, apartment and other) and property value changes within the individual property classifications. These changes shift taxes from properties with greater decreases in value onto those that had smaller decreases in value, had no change in value, or increased in value.
- 2) Taxes are based on levy requests from local units of government including the city, county, school districts and special districts. Tax levies are subject to change every year.

The League of Minnesota Cities (LMC) has co-produced a short video called "14 Reasons Property Taxes go up or down". The internet address is:

<http://www.youtube.com/watch?v=C70drDdHHIA>

Calculation of Property Taxes

ESTIMATED HOMESTEAD TAX CALCULATION

Assumptions: 2015 Median Established Value

Example of a tax calculation for 2015 on a HOMESTEAD PROPERTY in

New Brighton (School District # 621) that has a taxable market value of:

\$209,200

MV Exclusion	(30,400)	
MV Exclusion	11,988	
	<u>18,412</u>	<u>(18,412)</u>
MV after Exclusion		<u><u>190,788</u></u>

STEP 1: CALCULATE THE NET TAX CAPACITY

1.00% x first \$500,000 of Taxable Market Value	\$1,908
1.25% x Taxable Market Value in excess of \$500,000	<u>0</u>
Total Net Tax Capacity	<u><u>1,908</u></u>

STEP 2: CALCULATE THE LOCAL TAX

Local Tax Rate =	131.359%	multiplied by	1,908	=	<u><u>2,506</u></u>
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STEP 3: CALCULATE THE HOMESTEAD CREDIT

Homestead Credit =	0.40%	multiplied by	76,000	=	<u>0</u>
	0.09%	multiplied by	121,000	=	<u>0</u>
Total Homestead Credit =					<u><u>0</u></u>

STEP 4: CALCULATE THE NET LOCAL TAX

Local Tax	2,506
Less: Homestead Credit =	<u>0</u>
Total Net Local Tax	<u><u>2,506</u></u>

STEP 5: CALCULATE THE MARKET TAX

Market Tax	0.21864%	multiplied by	209,200	=	457
ISD # 621					

STEP 6: ADD NET LOCAL & MARKET TAXES

Net Local Tax	2,506
Plus: Market Tax	<u>457</u>
TOTAL ESTIMATED 2015 HOMESTEAD PROPERTY TAX	<u><u>\$2,963</u></u>

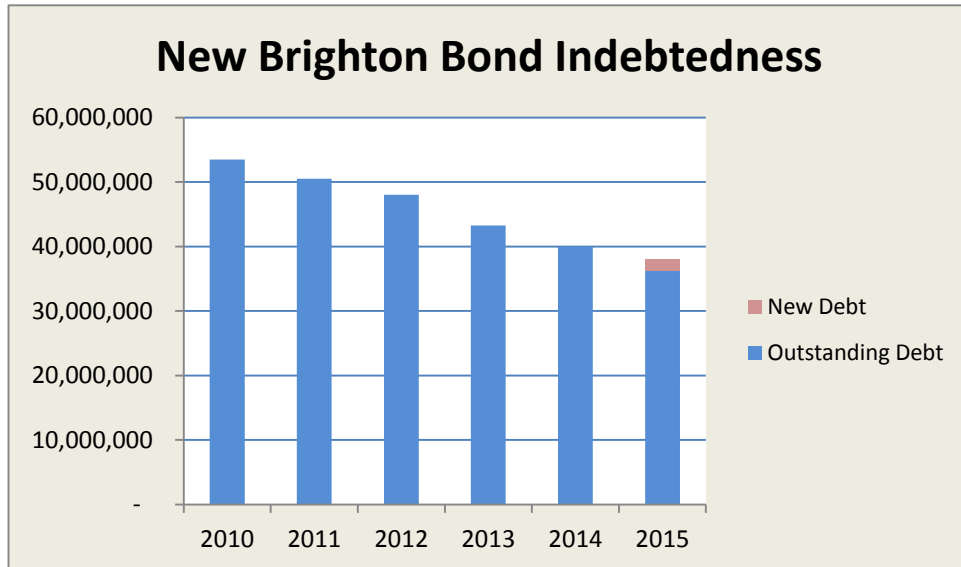
Assumptions to Total Tax Rate:

Taxing Jurisdiction-

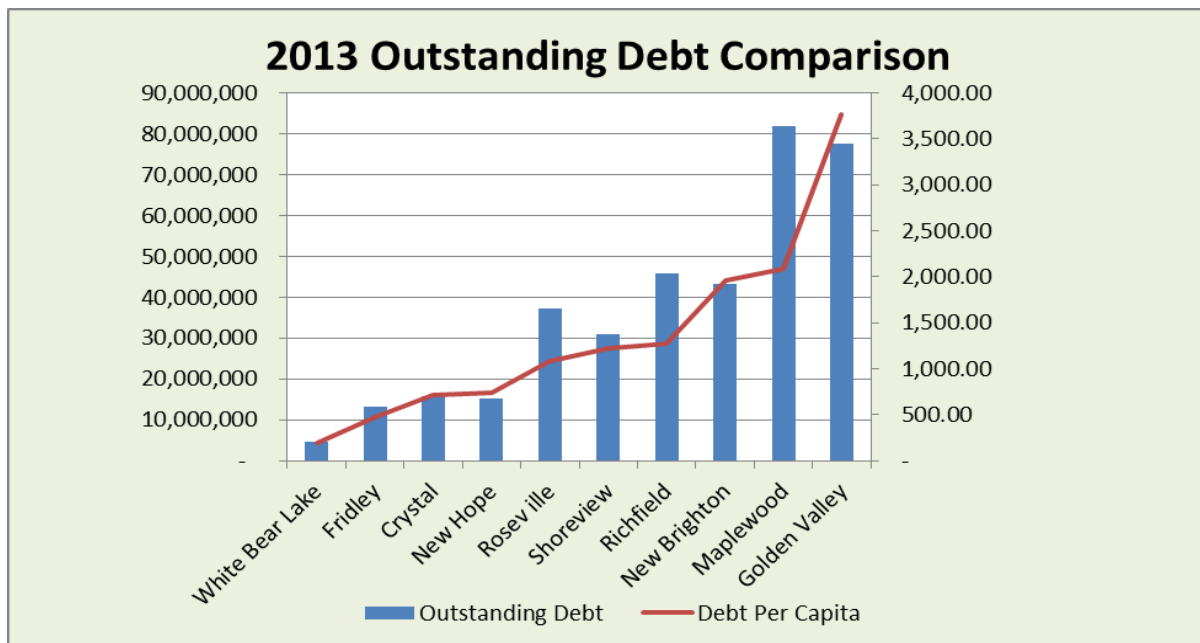
	2015 Tax Rates	Estimated 2015 Taxes
Ramsey County	58.777%	\$1,121
City of New Brighton	36.153%	690
ISD # 621	27.275%	977
Total Misc. Taxing Jurisdictions	<u>9.154%</u>	<u>175</u>
Total	<u><u>131.359%</u></u>	<u><u>\$2,963</u></u>

Debt

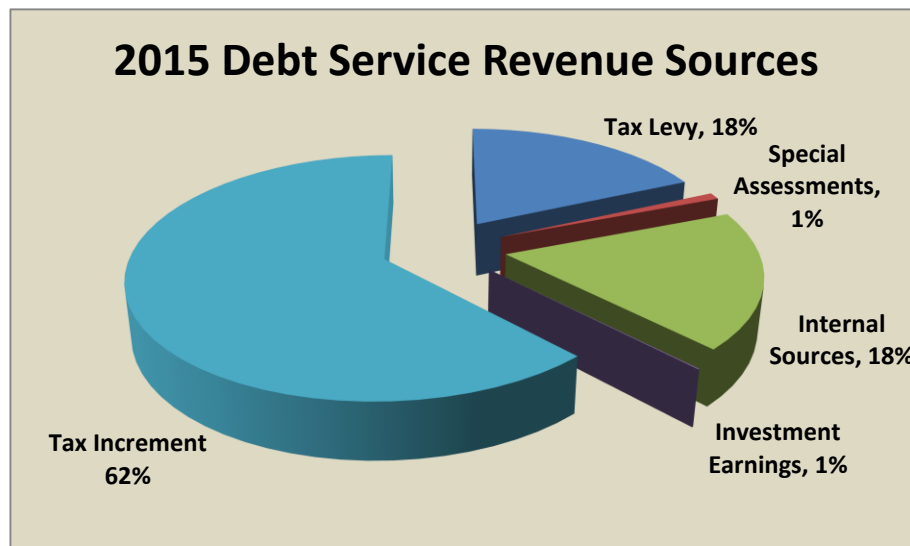
As of December 31, 2014, The City of New Brighton will have approximately \$39,975,000 of debt outstanding. In 2015, the City will be issuing \$1,694,386 in G.O. Improvement Debt for Street Reconstruction projects.



Standard and Poor's Credit Rating AA



Revenue derived from the levy and special assessments provides about 19% funding needed for annual principal and interest payments in 2015. These revenues are legally restricted to the payment of the debt, and therefore are held within the corresponding debt fund until the debt issue is paid in full. The remainder of the funding for debt payments is provided by internal sources (in the form of transfers from other funds), interest earnings, and tax increment collections.



ENTERPRISE FUNDS

The City of New Brighton operates four utility (water, sanitary sewer, storm water, and street lights) enterprise funds. These funds account for services that are supported through quarterly utility fees designed to cover operating costs, debt service, depreciation expense and capital replacement costs.

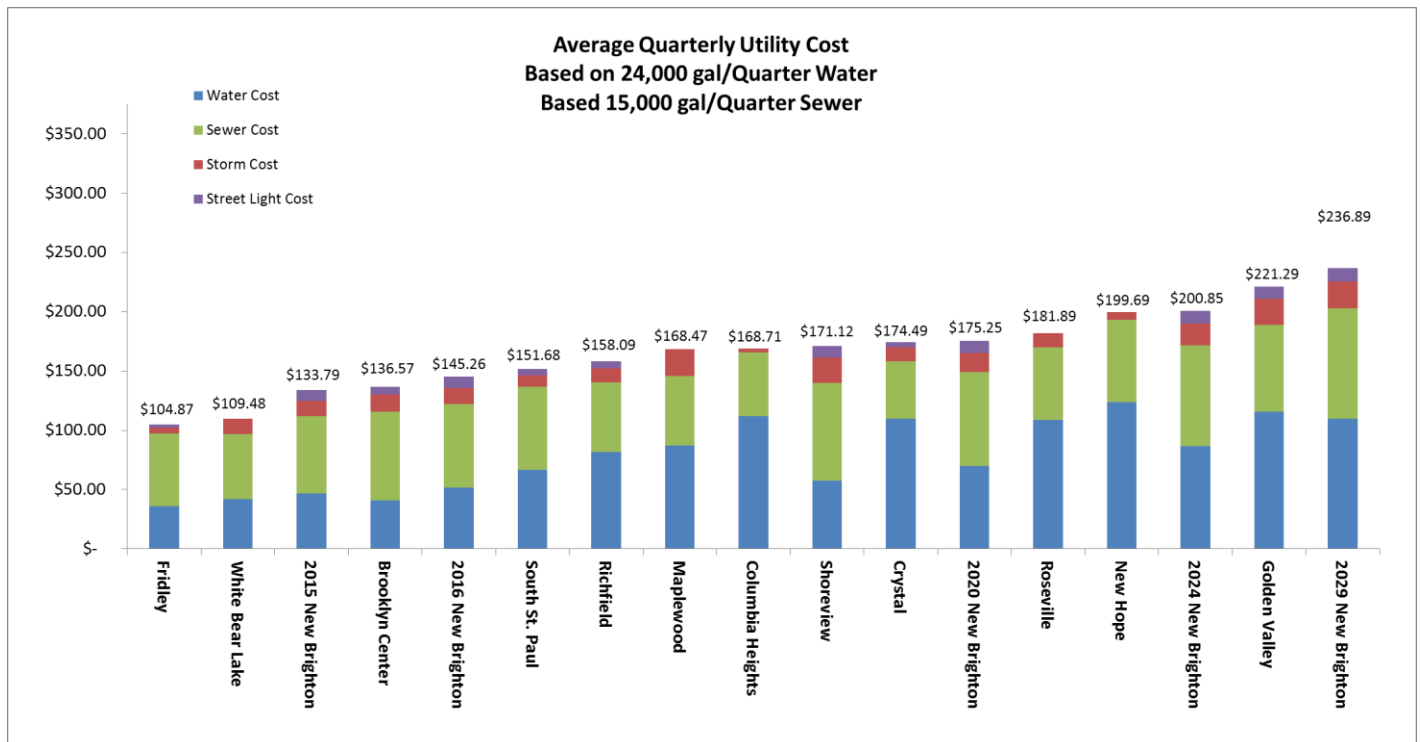
One major change to the utility rate analysis for 2015 was to extend the timeframe out 20 years for the water fund and 15 years for all other funds. This allowed the analysis to capture the large capital replacement costs projected in the later years and amortize them over 20 years for water and 15 years for all others, eliminating the need to issue debt.

Projected capital replacements include:

- Watermain Reconstruction Costs
 - 2015-2024 ~ 25 miles of streets replaced \$9,685,800
 - 2025-2034 ~ 32 miles of streets replaced \$15,368,300
- 2029 Repaint South Water Tower \$2,000,000
- 2033 Repaint High Service Tower \$400,000
- Sanitary 2016 - New CR E2 Lift Station and Piping \$555,000
- Storm Sewer (result of June 2013 flooding study)
 - 2015 Freedom Park Project moved to 2018 \$610,600
 - 2023 4th Street Low Area \$524,000

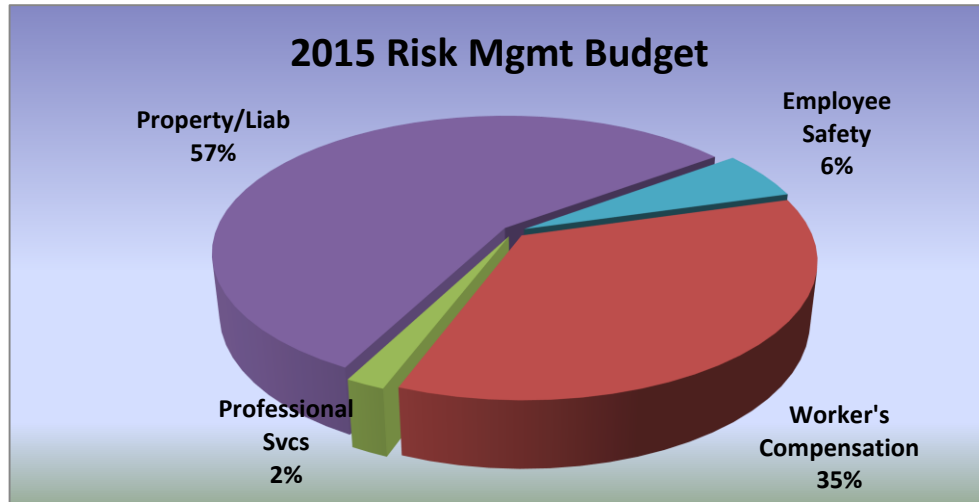
2015 Utility Rates		
Water	City Wide	\$1.95 per 1,000 gallons
Sewer	City Wide	\$4.34 per 1,000 gallons
Storm Water	Single Family Residence	\$12.95 per quarter
	Park, Cemetery, Golf Course	\$3.57 per acre/per quarter
	School	\$38.82 per acre/per quarter
	Townhouse/Mobile Home Park	\$52.79 per acre/per quarter
	Church	\$72.33 per acre/per quarter
	Apartment, Condominium, Senior Housing, & Nursing Home	\$86.19 per acre/per quarter
	Commercial, Industrial, & Warehouse	\$161.54 per acre/per quarter
Street Lights	Unimproved, Vacant Land	\$0.00 per acre/per quarter
	Single and Two Family Residential Property	\$8.94 per quarter
	All Other Properties	\$26.82 per quarter
Average Water Consumption in New Brighton	24,000 Gallons of Water Per Property	Average Annual Cost is \$133.79 Per Property

New Brighton's 2015 – 2029 Projected Rates Compared to Other Cities

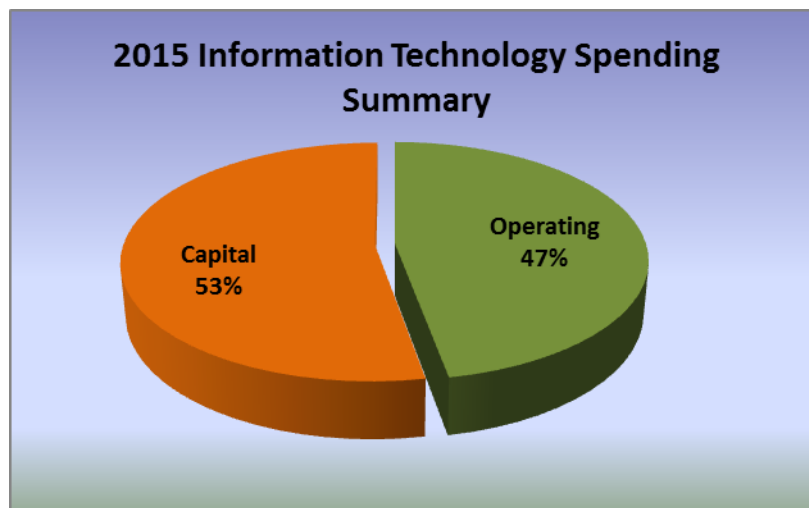


Internal Service Funds

The City of New Brighton operates five internal service funds. These funds account for services that are supported primarily through internal charges to the City's various departments. One such fund is the Risk Management Fund which provides funding for the City's various insurance coverages, employee safety programs, and workers compensation.



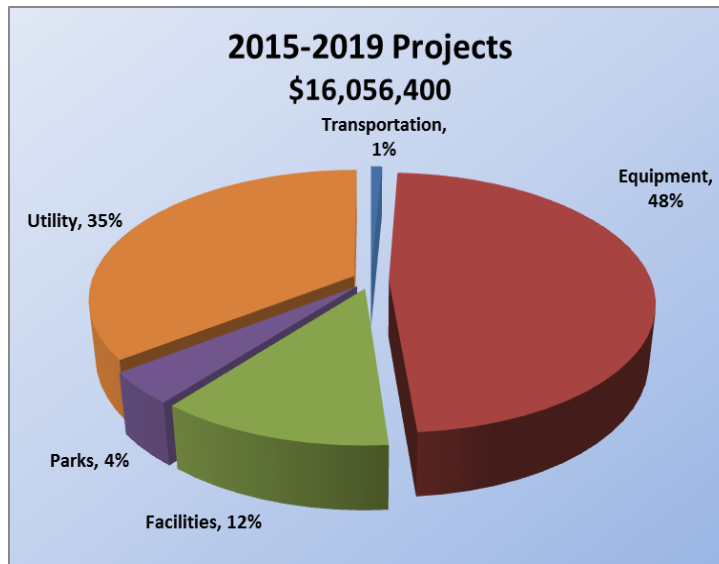
Another is the Information Technology Department which is responsible for maintaining and updating the City's technological resources such as computers, telephones, electronic security systems, cell phones, copiers, and other technological needs for the City.



Capital Asset Replacement Plan

The City of New Brighton, along with most other local governments, both large and small, faces the challenges of meeting infrastructure and equipment needs with limited financial resources. Ongoing service delivery can be assured only if adequate consideration is given to capital needs. In order to meet these needs, the City has established a Capital Replacement Plan.

The Capital Replacement Plan is a multiyear plan that identifies capital replacement needs to be financed during the planning period. The long-term financing plan currently models out the projected replacements from 2015 through 2030. The plan is reviewed and updated annually or as deemed necessary.



Categories

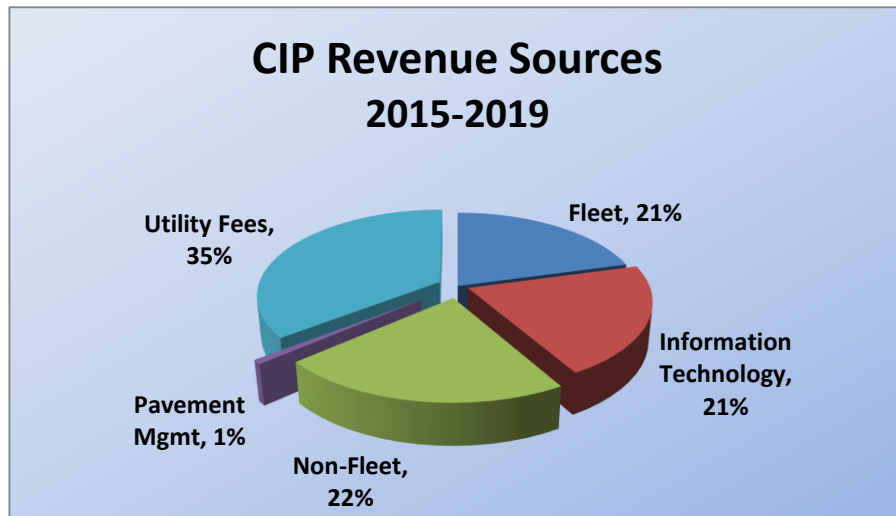
Transportation includes all pavement management projects such as sidewalks, parking lots, trails, and tennis courts. The primary funding source is the Pavement Management Internal Service Fund.

Equipment includes all major equipment, software and vehicle replacements. The primary funding sources are the Fleet, Non-Fleet, and Information Technology Internal Service Funds.

Facilities include the Public Safety, New Brighton Community Center, City Hall, Public Works, and other municipal buildings. The primary funding source is the Non-Fleet Internal Service Fund.

Parks includes picnic shelters, playground equipment, irrigation systems, hockey rinks, trail lights, and the neighborhood centers. The primary funding source is the Non-Fleet Internal Service Fund.

Utility includes the construction and major maintenance of all water systems such as wells, towers, and the underground distribution system. Utility also includes the sanitary sewer system, lift stations, flood mitigation, pond dredgings, and storm sewer system. The primary source of financing is through utility user fees.



All Budgeted Funds Combined

The City of New Brighton prepares an annual budget for all operating funds. The table below summarizes the City of New Brighton's annual expenditures for all 2015 budgeted funds compared to the 2014 amended budgets:

General Fund	2015 Budgets	2014 Amended Budgets
Administration	\$727,600	\$733,600
Legal	125,000	105,000
Central Services	167,400	146,600
Finance	548,600	541,800
Elections	65,900	54,300
License Bureau	152,000	148,000
Community Development	799,300	721,500
Recycling Program	248,600	230,000
Parks	996,800	1,034,800
Forestry	198,800	112,400
Recreation Programs	650,400	617,800
New Brighton Community Center	1,320,700	1,232,900
Police	4,532,200	4,197,900
Fire	894,200	822,500
Engineering	377,300	428,700
Streets	305,900	296,600
City Garage	543,700	551,500
Transfers	892,900	1,225,700
Turnover Ratio	(83,600)	0
Total General Fund	\$13,463,700	\$13,201,600

Enterprise Funds		
Water	\$1,508,700	\$1,761,400
Sewer	2,678,900	2,601,000
Storm Water	697,500	705,400
Street Lighting	260,000	185,500
Golf Course	324,800	317,300
Total Enterprise Funds	\$5,469,900	\$5,570,600

Internal Service Funds		
Risk Management	\$595,900	\$551,100
Information Technology	844,500	714,200
Fleet	548,000	561,600
Non-Fleet	1,562,900	1,423,100
Pavement Management	82,500	17,900
Total Internal Service Funds	\$3,633,800	\$3,267,900
Total Budgets	\$22,567,400	\$22,040,100

Achieved Goals and Objectives

In summary, below is a listing of areas the 2015 Budget achieved the goals and objectives of the Strategic Plan:

- Overall spending has been consistent since 2007 – Financial Sustainability
- Spending on personnel as a percentage of the overall budget is among the lowest of comparable cities – Operational Excellence
- The proposed tax levy is lower than the tax levy from 2007 – Effective Governance and Operational Excellence
- The 2015 Budget “gives back” \$101,000 that was incorrectly levied by the County in 2013 – Effective Governance
- Service level employees staffing is addressed in this budget as was in the 2014 budget with incremental adjustments – Workforce Engagement and Operational Excellence
- Median household City taxes will increase \$11 for the year under the proposed 2015 budget – Operational Excellence

Directory

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